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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

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FEDERAL COMMUNICATIONS COMMISSION
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In the Matter of)
Equal Access and Interconnection) CC Docket No. 94-54
Obligations Pertaining to)
Commercial Mobile Radio Services)

**COMMENTS OF
GEOTEK COMMUNICATIONS, INC.**

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GEOTEK COMMUNICATIONS, INC.

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SUMMARY

Geotek Communications, Inc. ("Geotek") agrees with the Commission that there are significant distinguishing characteristics within the CMRS market and that equal access should not be required where the service characteristics and capabilities do not weigh in favor of imposing such requirements. Geotek opposes the imposition of equal access obligations on SMR service providers that merely offer telephony as an auxiliary to their primary service offering -- dispatch services. Geotek's service is not designed to attract cellular or ESMR customers, but rather to provide an efficient low cost dispatch service to businesses. In addition, such SMR service providers lack market power. Thus, imposing equal access on Geotek and other similarly situated SMR service providers would increase both their fixed and operating costs without any public benefit.

Because Geotek and other similarly situated SMRs primarily provide dispatch service, they are able to use a PBX class of switch. The imposition of equal access would require SMRs to purchase more sophisticated switches or to upgrade their existing PBX type switches because most existing PBX type switches are currently technically incapable of directing each subscriber's call to a specific carrier as required by equal access. Cellular and ESMR carriers already use these more sophisticated switches. Therefore, SMRs would have significantly higher equal access conversion costs.

In addition, under equal access, SMR providers such as Geotek may have to connect newly purchased or modified switches to all long distance carriers and potentially incur the substantial costs of purchasing dedicated trunk lines. In some markets, this obligation may entail connecting with and purchasing dedicated trunks for as many as 20 long distance providers and resellers. Because Geotek's customer base is primarily interested in dispatch, the costs associated with the more expensive dedicated trunks necessary to permit equal access will increase the overall cost of service without corresponding benefits.

Moreover, not only would equal access necessarily increase the overall costs for SMR service providers and customers, but it would prevent SMR service providers such as Geotek from purchasing service in bulk at reduced rates and passing the savings on to subscribers. Currently, for example, Geotek customers receive the benefit of both low cost dispatch and, when needed, long distance service because they receive the benefit of Geotek's bulk discount with its current long distance provider. The imposition of equal access, however, could eliminate Geotek's bulk rate discount with its current long distance provider because Geotek would no longer be able to guarantee volume.

Finally, Geotek submits that the Commission should treat all CMRS providers as co-carriers and that interconnection obligations should be implemented through a system of negotiated good faith agreements.

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**COMMENTS OF
GEOTEK COMMUNICATIONS, INC.**

Geotek Communications, Inc. ("Geotek") hereby submits its comments in response to the Commission's equal access and interconnection proceeding¹ that proposes to require equal access for cellular service providers and solicits comments on whether other types of Commercial Mobile Radio Service ("CMRS") providers must provide equal access. The NPRM & NOI also requests comments concerning how equal access and interconnection should be implemented.

STATEMENT OF INTEREST

Through its subsidiaries, Geotek holds authorizations in both the 800 MHz and the 900 MHz frequency bands of the Specialized Mobile Radio ("SMR") service. As an SMR provider that utilizes innovative and spectrally efficient technology to deliver dispatch services over a wide geographic area to both fleet operators and

¹ Equal Access and Interconnection Obligations Pertaining to Commercial Mobile Radio Services, Notice of Proposed Rulemaking and Notice of Inquiry, CC Docket Number 94-54, (released July 1, 1994) ("NPRM & NOI").

small users, Geotek has a direct interest in the regulatory treatment of CMRS providers, and specifically the SMR service. Geotek's comments in response to the NPRM & NOI are set forth below.

INTRODUCTION

The customer base of Geotek's SMR service is comprised predominantly of users with fleet dispatch needs. Such users require traditional SMR service in order to effectively coordinate their vehicle fleets. For this market, SMR provides a reliable and low cost business communications system which has the primary function of transmitting messages and other secondary features such as emergency alarm systems and one-to-one telephony transmissions.

Geotek urges the Commission not to require equal access for the SMR market which primarily provides dispatch service. Customers do not purchase dispatch SMR services for cellular-like one-to-one telephony transmissions or long distance features. Imposing equal access requirements on all CMRS providers would have a disproportionately higher cost on SMRs than the cellular and ESMR service providers, contrary to the public interest.

I. SMR SERVICE PROVIDERS THAT DO NOT COMPETE WITH CELLULAR OR CELLULAR-LIKE SERVICE PROVIDERS SHOULD NOT BE REQUIRED TO PROVIDE EQUAL ACCESS

Geotek agrees with the Commission that it should examine the equal access issue on a service-specific basis and should weigh several specific factors before deciding whether to impose an equal access obligation upon particular types of CMRS providers.² The Commission correctly recognizes that there are significant distinguishing characteristics among the markets which fall within the rubric of CMRS. These characteristics include, among others, the respective service offerings, targeted customers, cost of service for customers, and network architectures. Although it may be in the public interest to require equal access for CMRS providers that primarily provide one-to-one telephony services, equal access should not apply to SMRs that merely offer telephony as an auxiliary to their primary service offering. As demonstrated below, to impose equal access on such SMR service providers such as Geotek would disproportionately harm the SMR service and not serve the public interest.

1. The SMR Service Offered By Geotek Does Not Compete With Cellular or Cellular-Like SMR Service Providers

The overwhelming majority of the 900 MHz SMR customers are users with fleet dispatch needs. For these customers, it is imperative that all vehicles in a

² See NPRM & NOI at ¶ 30.

fleet remain in communication with each other as well as with the headquarters unit. In order to satisfy this specialized customer requirement, Geotek has designed and is building a high power, multi-channel SMR architecture to deliver innovative dispatch services over a wide geographic area. Geotek's FHMA® technology relies on the SMR model of high power large coverage transmission stations to obtain spectrum capacity, rather than the cellular-like model of a multiplicity of closely spaced low power sites. Moreover, Geotek provides essentially "one-to-many" dispatch services (i.e., dispatcher-to-fleet transmissions) in typically short transmissions. Cellular and cellular-like "Enhanced SMR" (or "ESMR"), by contrast, are comprised of "one-to-one" telephony services (i.e., station to station transmissions) in typically longer transmissions. Geotek does not compete with the cellular or ESMR product market and, unlike ESMR, does not market its dispatch service as a substitute for cellular common carrier service.

For example, Geotek's phone is designed with a built-in display screen for messages. Because the display screen is only of value to a customer that requires dispatch services, only a customer that is primarily interested in dispatch services, as opposed to telephony services, would be interested in Geotek's service. Geotek's customers are interested in "on-net" traffic³ at a low cost. Therefore, Geotek's

³ On-net traffic is traffic that stays within an SMR carrier's interconnect network from base station to base station and within the SMR carrier's radio links

service is not designed for nor attractive to the cellular or ESMR customer, but rather only to a dispatch customer with secondary needs for interconnect service.

2. SMR Customers Do Not Subscribe to SMR Service for the Telephony Services or Long Distance Features

Although most SMR dispatch services provide interconnection with the public switched network and long distance, such services are only provided on an incidental basis. SMR customers, which are largely businesses with fleet operations, subscribe to SMR service in order to receive low cost dispatch services. As discussed in Section II below, the imposition of equal access on an SMR would add significant costs to the SMR service provider which, in turn, would increase the cost of the service for the customer. By increasing service costs, equal access would thereby eliminate one of the fundamental characteristics of SMRs -- its low cost. Therefore, Geotek submits that the Commission should not ignore the substantive differences between SMRs and cellular/cellular-like services, including ESMRs.

3. SMR Service Providers Lack Market Power

Geotek agrees with the Commission's conclusion that "all CMRS providers, other than cellular licensees, currently lack market power."⁴ In the absence of such market power, the dispatch service consumer has a variety of choices. For example, if the consumer is unhappy with SMR rates or service, the consumer could establish its own internal-use dispatch service. In fact, Geotek

⁴ See NPRM & NOI at ¶ 33.

submits that the majority of the dispatch market is comprised of internal-use only licensees.⁵ Other CMRS service customers -- such as cellular, and ESMR -- do not have this "self-help" option and have fewer choices within their markets than SMR customers.

II. IMPOSING EQUAL ACCESS ON SMR CARRIERS WOULD SIGNIFICANTLY INCREASE COSTS FOR SMRs WITHOUT PROVIDING A CORRESPONDING BENEFIT TO SUBSCRIBERS

The Commission specifically requests comments on the technical feasibility and costs of equal access for CMRS providers other than cellular carriers.⁶ Geotek strongly supports the Commission's position with regard to SMRs that:

[b]ecause of [the SMR industry's] marketplace experience, we believe that caution requires that we impose no regulations before we fully understand the economic consequences of such action.⁷

Geotek submits that if the Commission imposes equal access obligations on all CMRS services, then SMR service providers would incur disproportionately higher costs to upgrade their network hardware and software and to purchase sophisticated switches.

⁵ In addition, the dispatch customer can subscribe to a non-CMRS SMR provider, *i.e.*, one that does not provide interconnect service.

⁶ See NPRM & NOI at ¶¶ 49 and 77.

⁷ See NPRM & NOI at ¶ 46.

1. Imposing Equal Access Would Force SMR Providers and Their
Subscribers to Incur the Higher Costs Associated with Sophisticated
Switches

Most SMRs (including Geotek) rely on a PBX class of switch to direct their relatively low volume traffic associated with their dispatch and incidental interconnect services. Unlike more sophisticated switches, these smaller PBX type switches are not technologically capable, without costly upgrades, to provide equal access. By contrast, cellular, ESMR and PCS carriers are designed to provide a widely dispersed telephony service that requires more sophisticated higher capacity switches to absorb the higher volume of traffic. Therefore, unlike cellular and cellular-like CMRS service providers, SMRs would have to incur the costs of either purchasing these more sophisticated or upgrading their existing switches. While the Commission recognizes that these costs may be passed on to the IXC and/or end user, Geotek contends that SMR providers and their end users would have to bear a cost of conversion substantially larger than other CMRS providers.⁸

PBXs cost significantly less than the type of switches used by cellular carriers, ESMRs and PCS carriers. For example, most cellular switches cost more than \$1,000,000, while the cost of a PBX class of switch typically costs less than \$500,000. A PBX class of switch, however, is not capable of sub-

⁸ See NPRM & NOI at ¶ 95.

scriber-by-subscriber direction of a call to a specific carrier required under equal access. In addition, equal access software is compatible with the more sophisticated switches used by cellular, ESMRs and PCS providers, but not compatible with PBXs. Thus, if equal access is imposed on all CMRS services, then SMR would have to incur the costs of purchasing new sophisticated switches for their systems solely to comply with the new regulations. As a result, equal access would increase the cost of SMR services for subscribers that are primarily interested in dispatch, rather than long distance, services.

2. If Equal Access is Not Imposed on SMR Providers, Subscribers will Enjoy Low Costs Associated with Long Distance Bulk Discounts

Not only would equal access necessarily increase the overall cost of SMR service to subscribers (as discussed above), but it would prevent SMR service providers such as Geotek from purchasing service in bulk at reduced rates and passing the savings on to subscribers. Currently, for example, Geotek customers receive the benefit of both low cost dispatch and, when needed, long distance service because they receive the benefit of Geotek's bulk discount with its current long distance provider. The imposition of equal access, however, could eliminate Geotek's bulk rate discount with its current long distance provider because Geotek would no longer be able to guarantee volume. In the past, the Commission and the courts imposed equal access only where the local exchange

company ("LEC") has some control over bottleneck facilities or dominant market power. Geotek submits that no SMR carrier has control over any bottleneck facilities or dominant market power. Accordingly, Geotek submits that the costs associated with requiring SMRs to provide equal access outweigh any potential benefit and disserves the public interest.

3. Under Equal Access, SMR providers and Ultimately Their Subscribers Would Have to Incur Costs of Maintaining Links with All Long Distance Providers

Under equal access, SMR providers such as Geotek would have to connect newly purchased or modified switches to all long distance carriers through the PSTN or directly connecting to the IXC's point of presence and potentially incur the substantial costs of purchasing dedicated trunk lines. In some markets, this obligation may entail connecting with and purchasing dedicated trunks for as many as 20 long distance providers and resellers. Currently, Geotek intends to employ lower cost trunk lines which would be inadequate in an equal access environment. Therefore, equal access would create particularly onerous fixed dedicated trunk cost burdens for Geotek and ultimately its customers.

III. INTERCONNECTION OBLIGATIONS SHOULD BE IMPLEMENTED THROUGH THE SYSTEM OF GOOD FAITH NEGOTIATED AGREEMENTS

In the Notice of Inquiry portion of the proceeding, the Commission requests comment whether it should continue its existing policy of establishing interconnection between commercial mobile services and LECs through contracts negotiated on a good faith basis.⁹ The Commission has long held that cellular and LEC are "co-carriers" with regard to interconnection to the public switched telephone network.¹⁰ Geotek submits that the Commission should treat all CMRS providers as co-carriers and that interconnection obligations should be implemented through a system of negotiated good faith agreements.

CONCLUSION

The Commission should not impose an equal access obligation on all CMRS providers. Geotek's customers are primarily interested in dispatch rather than traditional telephony services. Requiring Geotek and other similarly situated SMRs to provide equal access would substantially increase the cost of

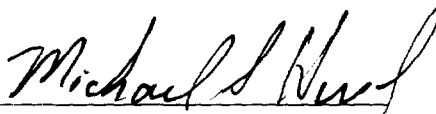
⁹ See NPRM & NOI at ¶ ¶ 113-114 and 119.

¹⁰ Radio Common Carrier Services, 59 Rad. Reg. 2d 1275, 1284 (P&F, 1986), MTS and WATS Market Structure, 97 F.C.C. 2d 834, 883 (1984).

dispatch service without any corresponding benefit to the consumer. SMR providers do not have market power or control bottleneck facilities. Thus, the imposition of equal access and the associated increased cost to SMRs and ultimately their subscribers would not serve the public interest.

Respectfully submitted by:

GEOTEK COMMUNICATIONS, INC.

A handwritten signature in black ink, reading "Michael S. Hirsch", is written over a horizontal line.

Michael S. Hirsch
Vice President-External Affairs